REMARKS

Claims 1-11, 13, 14, 16, 17, and 25-68 are pending in this application. Of these, claims 1, 25, 41, and 65 are independent. The above-identified patent application has been amended and reconsideration and reexamination are respectfully requested.

The Examiner issued a restriction requirement to withdraw claims 25-51 from consideration. On page 2 of the office action, the Examiner asserts that claims 25-51 "recite a point of sale terminal/personal computer which are distinct from the originally claimed invention."

Applicant traverses the restriction requirement.

In the action dated September 21, 2005, the examiner contended that newly submitted claims 25-51 were directed to an invention that is "independent or distinct" from the invention claimed in claims 1-11, 13, 14, 16, 17 and 52-64.

The examiner stated:

> **2. Newly submitted claims 25-51 are directed to an invention that is independent or distinct from the invention originally claimed for the following reasons: They recite a point of sale terminal/personal computer which are distinct from the originally claimed invention.**
>
> **Since applicant has received an action on the merits for the originally presented invention, this invention has been constructively elected by original presentation for prosecution on the merits. Accordingly, claims 25-51 are withdrawn from consideration as being directed to a non-elected invention. See 37 CFR 1.142(a) and MPEP 821.03.**

Applicant in the response traverses this requirement for the reasons set forth below:

Claim 1, as amended herein is reproduced below:

> 1. A method of funding a transaction between first and second, different users, comprising:
>
> reading an account identifier stored in memory on a card, with the account identifier associated with a first account of the first user;
>
> receiving a command to initiate the transaction; and
>
> responsive to receiving the command, transferring funds in

real time from the first account of the first user to a second account of the second, different user.

Claim 1 is drawn to a method "of funding a transaction between first and second, different users."

Claim 25, as amended herein, is reproduced below:

> 25. (Currently Amended) A point-of-sale transaction system for funding a transaction between first and second, different users, comprising:
>
> a point-of-sale terminal having a card reader to read a card comprising a memory operable to store a plurality of account identifiers, each account identifier being associated with an account from which funds can be transferred to fund a transaction the point-of-sale terminal being operable to permit the first user to select a first account associated with one of the plurality of account identifiers stored on the card;
>
> a first server connected to the point-of-sale terminal via a network and operable, in response to a signal from the point-of-sale terminal, to transfer funds in real time from the first account of the first user to a second account of the second, different user.

Claim 25 is drawn to a "point-of-sale transaction system for funding a transaction between first and second, different users," a system that is equivalent to the method of claim 1.

Claim 1 recites the features of "reading an account identifier stored in memory on a card ..., receiving a command ... and ...responsive to receiving the command, transferring funds in real time from the first account of the first user to a second account of the second, different user." Claims 25 recites "a point-of-sale terminal having a card reader to read ... a plurality of account identifiers... the point-of-sale terminal being operable to permit the first user to select a first account ... ; and a first server ... operable ... to transfer funds in real time from the first account of the first user to a second account of the second, different user." Claims 1 and 25 are not drawn to inventions that are "independent and distinct."

In order for a restriction requirement to be proper, the examiner must shown that the inventions are independent (no disclosed relationship there between) and distinct (meaning two

or more subjects as disclosed are related). Both conditions must be present, in order to properly find a requirement for restriction.[1]

The examiner in the office action misconstrued the law by stating: "an invention that is independent or distinct" and summarily failed to address either requirement. For two inventions to be independent, the inventions cannot be dependent. M.P.E.P. §802.01 sets forth the meaning of independent:

> INDEPENDENT
> The term "independent" (i.e., not dependent) means that there is no disclosed relationship between the two or more subjects disclosed, that is, they are unconnected in design, operation, or effect, for example: (1) species under a genus which species are not usable together as disclosed; or (2) process and apparatus incapable of being used in practicing the process.

Clearly, an apparatus and a method of operating the apparatus reciting functionally equivalent elements are not independent inventions.

In order for the requirement to be proper however, the examiner must also show that the inventions are distinct. The examiner never addressed the distinctiveness requirement that is necessary to have a proper restriction. M.P.E.P. §802.01 also sets forth the meaning of distinct:

> DISTINCT
> The term "distinct" means that two or more subjects as disclosed are related, for example, as combination and part (subcombination) thereof, process and apparatus for its practice, process and product made, etc., but are capable of separate manufacture, use, or sale as claimed, AND ARE PATENTABLE (novel and unobvious) OVER EACH OTHER (though they may each be unpatentable because of the prior art). It will be noted that in this definition the term related is used as an alternative for dependent in referring to subjects other than independent subjects.

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[1] 35 U.S.C. 121 quoted in the preceding section states that the Commissioner may require restriction if two or more "independent and distinct" inventions are claimed in one application.

In 37 CFR 1.141, the statement is made that two or more "independent and distinct inventions" may not be claimed in one application.
M.P.E.P. §802.01

The examiner has failed to address how an method as recited in claim 1 would be capable of separate sale as the apparatus of claim 25 and how the method of claim 1, which recites the same functional limitations of claim 25 would be novel and unobvious over each other.

The examiner contends incorrectly that: "a point of sale terminal/personal computer which are distinct from the originally claimed invention." This argument is totally without merit. Explicitly recited in both claims are substantially the same features as set out above.

The examiner's argument also does not address the test of whether the claims are "distinct," that is, being capable of separate manufacture, use, or sale as claimed, AND ARE PATENTABLE (novel and unobvious) OVER EACH OTHER.

In essence, the examiner argues that the method of claim 1 is different from the apparatus of claim 25. The examiner however has not shown how the features of claim 1 would make claim 1 novel and unobvious over claim 25 as he is required to show to establish distinctiveness.

M.P.E.P. 806.04(B) offers guidance in situations involving an apparatus and a method of operating an apparatus. Clearly where the two inventions are process and apparatus (as is the case in the present patent application), and the apparatus can be used to practice the process (as is the case in the present patent application), they are neither independent nor distinct.

Accordingly, the examiner's restriction is improper and should be removed.

The Examiner has rejected claims 1-11, 13, 14, 16, 17, and 52-64 under 35 U.S.C. 112, first paragraph, as failing to comply with the written description requirement. Applicant has amended claim 1 to delete the limitations identified by the Examiner as not being described in the specification. Accordingly, withdrawal of the 112 rejection is respectfully requested.

Applicant has amended claim1 and 25, 41 and new claim 65 as for example in Applicant's specification in pages 21-22, paragraph 47, further discussed below.

In the office action of March 9, 2005, the Examiner rejected 1-5 and 16-21 under 35 U.S.C. 103(a) over Wynn (U.S. 5,859,419). The Examiner rejected claims 6-7, 13-15, and 22-24 under 35 U.S.C. 103(a) over Wynn in view of Ramachandran (U.S. 2001/0013551). The Examiner rejected claims 8-9 under U.S.C. 103(a) over Wynn and Ramachandran in view of Dorf (U.S. 6,189,787). The Examiner rejected claims 10-12 under 35 U.S.C. 103(a) over Wynn in view of Houvener (U.S. 6,424,249).

Before discussing how Applicant's claims distinguish over the other prior art cited by the Examiner in this office action and prior office actions, it may be helpful to the Examiner if Applicant addresses some general points concerning transferring funds in real-time versus transferring funds using conventional batch-processing methods.

Amended claim 1 is directed toward funding a transaction between first and second, different users, such that the transferring of funds from a first account of the first user to a second account of the second user is performed in real time responsive to a command to initiate the transaction. An example of posting transactions to a retailer's account in real-time is described in the Applicant's specification in pages 21-22, paragraph 47:

> When an account identifier has been selected by the user, the terminal 304 may communicate the selection to the network 306 and the network 306 may contact an associated server (e.g., an independent financial services server 56, a financial services application server 58 or a credit card servicer server 56d). Account information, such as the balance of the account, may be transmitted from the associated server through the network 306 and to the terminal 304 where it may be viewed by the user on the display means 364. A prompt may also be displayed on the display means 364 asking the user to initiate the transaction. The prompt may require the user to respond by pressing a key (e.g., a "Y" or "YES" key) or to input a security code (e.g., a PIN number or another predetermined code). In situations where the associated server is a credit card servicer server 56d, the terminal 304 may only provide the prompt. The proceeds of the transaction are routed through the network 306 to a retailer account 390 at the retailer's R the financial institution 392. Accordingly, transactions are posted to the retailer account 390 of a retailer R in or near real time, rather than batch processed.

As described in Applicant's specification in pages 15-16, paragraphs 36-39, in conventional methods of funding such transactions (e.g., retail transactions), funds generated by a transaction between a consumer and a retailer, for instance, are not immediately transferred into the retailer's account after the transaction has been commenced. Rather, the transaction is logged in a batch of other approved transactions until the occurrence of a predetermined event, such as the end of a business day. Upon the occurrence of the predetermined event, the transaction is released from the batch and routed to an associated credit provider who in turn routes funds to the account of the retailer where it is available to the retailer for withdrawal. This conventional process of funding a transaction, also commonly referred to as "batch processing", does not transfer funds in real time responsive to a command to initiate the transaction but rather

imposes a deliberate delay between the time at which the transaction occurs and the time at which the funds are transferred.

Independent claims 1, 25, 41, and 65

Independent claim 1 cites "a method of funding a transaction between first and second, different users, comprising" ... "receiving a command to initiate the transaction; and responsive to receiving the command, transferring funds in real time from the first account of the first user to a second account of the second, different user."

Transferring of funds in real time in response to receiving a command to initiate a transaction is neither disclosed nor suggested by Wynn. Wynn is directed to a universal financial data card (UFDC) for storing financial data associated with multiple accounts of the card holder. Although Wynn mentions a system that compiles, stores, and retrieves stored financial data in real-time, as transactions occur, in col. 1, lines 4-11, nowhere does Wynn disclose or suggest that, responsive to receiving a command to initiate a transaction, the system transfers funds in real time from a first account of a first user to a second account of a second, different user: Wynn at Col. 1 line 4 states:

> The present invention relates generally to financial data systems. More particularly, the invention relates to methods and apparatus for a universal financial data system, part of which advantageously serves as a highly portable cash substitute that is also capable of electronically compiling, storing, and retrieving data related to multitudes of financial accounts and transactions in real time as the transactions occur.

Compiling, storing, and retrieving stored financial data is not the same as transferring funds.

In col. 6, lines 9-21,Wynn describes that the card may be used to fund a transaction between one of the multiple stored accounts and an account belonging to a third party (e.g., a retailer); however, Wynn does not disclose or suggest that the funds are transferred in real-time. In particular, Wynn states:

> ... the user of UFDC 201 may begin using it to obtain goods and services or to carry out other operations with respect to the financial data stored in its memory. For example, the holder of UFDC 201 may select, using the same keypad associated with card reader 202, one of the financial accounts for operation. For the purposes of the present example, assume that the user wishes to

> purchase groceries using a credit card account (the selected account). Card reader 202 then contacts the central data system 210 for the selected account using the contact information stored in UFDC 201 to ascertain whether the holder of UFDC 201 is permitted to charge groceries on this account. If there is, for example, insufficient credit balance left for the amount of groceries the user wishes to purchase, central data system 210 may deny such a purchase.

For example, the funds could be transferred into the retailer's account using the conventional batch processing method previously described above.

Wynn neither discloses nor suggests a system to initiate a transfer of funds in real-time from the first account of a first user to a second account of a second, different user. In col. 10, lines 48-59, Wynn describes that the central data system may reconcile insufficient funds of a financial account to be debited by a transaction with funds in another account stored on the card at the time the transaction takes place:

> In one embodiment, card reader 202 may send to central data system 210 the amount of the goods/services to be charged to ascertain whether there is sufficient balance remaining in the selected financial account to cover the intended purchase. At the same time, if there is any reconciliation to be made to the balance of the financial account between central data system 210 and UFDC 201 (i.e., due to the imposition of service charges, the addition of interest dividends, direct deposit, and the like that has not been updated with UFDC 201), the reconciliation may be made with the central data system 210 via the card reader 202 at the time the transaction takes place.

However, the transfer of funds takes place between accounts belonging to the same user, not between accounts belonging to different users and the transfer fails to take place in real time.

Furthermore, the description of financial information stored in Wynn's universal financial data card (UFDC) in col. 5, lines 43-58 does not disclose or suggest that the financial information includes anything that could enable a point-of transaction machine to transfer funds in real time from a first account of a first user to a second account of a second, different user in response to receiving a command to initiate a transaction. In particular, Wynn states:

> In contrast, the present inventive UFDC furnishes such data, if requested, directly from the financial data stored in its memory. For example, the holder of UFDC 201, through an appropriate card reader 202, can query the financial data stored in UFDC 201 to obtain historical transaction records to assist in his financial planning. As another example, the user may, with respect to any one or all of the financial accounts contained in UFDC 201, obtain a monthly statement or a yearly statement for each of the financial accounts, review his spending patterns by searching transactions by categories (e.g., entertainment, groceries, and transportation), across one or more accounts perform searches of a specific transaction amount or ascertain the amount spent at a

particular establishment, as well as other accounting operations, all directly from the financial data stored in UFDC 201.

Ramachandran, Dorf, and Houvener do not remedy the foregoing deficiencies of Wynn with respect to the independent claims, particularly with respect to transferring funds in real time from the first account of a first user to a second account of a second, different user.

Ramachandran is directed to a portable terminal for adding or deleting account information to a programmable memory and for facilitating the transfer funds between the accounts stored on the card.

Dorf describes a multifunctional card that may function as a conventional prepaid phone card, a debit card, a loyalty card, or a medical information card. Although Dorf discloses a system for crediting an account corresponding to the loyalty card or the prepaid phone card in real time immediately after a transaction takes place, nowhere does Dorf disclose or suggest that the funds, which finance the transaction, are transferred in real time. More specifically, in col. 9, lines 52-55, Dorf describes that "after receiving the data, the processing hub 103 credits the appropriate record in the loyalty card database 206 with a number of points proportional to the purchase price." Additionally, in col. 10, lines 2-6, Dorf states: "For instance, instead of awarding loyalty points, the system could add value in real time to a record in the phone database 204 at the prepaid phone card issuer hub 104, thus rewarding the customer with free phone time." Although Dorf discloses crediting loyalty points to the consumer's loyalty account or prepaid phone account in real time once the purchase transaction takes place, Dorf neither discloses nor suggests that funds from the consumer's account, which fund the transaction, are transferred to the retailer's account in real time.

Houvener is directed to a method of authentication based on biometric data.

Independent claims 25, 41, and 65 recite similar limitations to that of claim 1 and are therefore patentable for at least the same reasons as claim 1 is patentable. Claims 2-11, 13, 14, 16, 17, 26-40, 42-64, and 66-68 depend on one of independent claims 1, 25, and 41, and are patentable for at least the same reasons as the claims on which they depend are patentable.

It is believed that all of the pending claims have been addressed. However, the absence of a reply to a specific rejection, issue or comment does not signify agreement with or

concession of that rejection, issue or comment. In addition, because the arguments made above may not be exhaustive, there may be reasons for patentability of any or all pending claims (or other claims) that have not been expressed. Finally, nothing in this paper should be construed as an intent to concede any issue with regard to any claims, except as specifically stated in this paper, and the amendment of any claims does not necessarily signify concession of unpatentability of the claim prior to its amendment.

The prior art cited but not applied by the Examiner is seen as neither describing nor suggesting Applicant's invention whether taken separately or in combination with the art applied.

In view of the foregoing amendments and remarks, Applicant respectfully submits that the application is in condition for allowance, and such action is respectfully requested.

Enclosed are a $395.00 check for the RCE fee, a $175.00 (3 dependent and 1 independent) check for excess claim fees and a $60.00 check for the Petition for Extension of Time fee. Please apply any other charges or credits to deposit account 06-1050 referencing Attorney Docket No. 20082-002002.

Respectfully submitted,

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